



Énergie NB Power

Production Generation

September 30, 2008

Mr. Philip Guidice
Commissioner
Commonwealth of Massachusetts
Department of Energy Resources
100 Cambridge St., Suite 1020
Boston, MA 02114

Via E-Mail: Green.Communities@MassMail.State.MA.US

Dear Mr. Guidice:

RE: Green Communities Act

In response to the Commonwealth's request for comments on the Department of Energy Resources RPS Feasibility Study, New Brunswick Power Generation Corporation (NB Power) appreciates the opportunity to attend the September 23rd Imports Stakeholder Forum as well as provide comments as contained hereon.

NB Power presently owns and operates over 3900 MW of generation in the Province of New Brunswick. On average, the load served by NB Power fluctuates between a Summer Peak of 1600 MW and a Winter Peak of 3300 MW. In addition to supplying load in the Province, NB Power is also active in the trading of energy with adjacent power markets, both in Canada and the United States. Specific to the issue of renewable generation, New Brunswick has committed, through an RFP process, to contract for 400 MW of renewable generation for the exclusive supply of in-province load. The RFP process was open to internal as well as external bidders.

NB Power does not own or operate any renewable facilities in the Province. The Corporation is however uniquely positioned to facilitate the transfer of additional renewable energy into adjacent markets, including Massachusetts. Due to the attractive wind regime in the Province combined with the ability to construct facilities in the short-term, successful bidders to the New Brunswick RFP as well as other merchant developers are eager to build in the Province and export renewable energy to the United States.

NB Power understands the Commonwealth's desire to ensure that qualified facilities clearly address the Green Communities Act's mandate to support development of renewable energy. That being said, based on NB Power's experience in operating and scheduling energy in the regions power markets, it is our opinion that the proposed Act will effectively halt any new renewable projects outside the New England region from being constructed to supply renewable energy to the US Northeast.

NB Power's assessment is based on the following issues:

1. Netting Provisions

NB Power has for decades transacted with New England in the buying and selling of energy across the NB-Maine interconnection. These transactions have provided considerable benefits to both jurisdictions. Presently NB Power is transacting on an hourly, day ahead and monthly basis with US based counterparties.

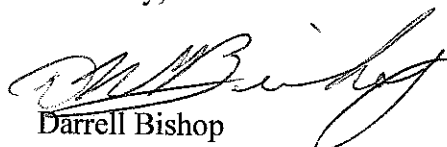
Should a netting clause be implemented, NB Power would be forced to seriously reconsider providing energy management services designed to facilitate the transfer of renewable energy from the Maritime Provinces into New England. The impact on our core business would vastly outweigh any benefits associated with these efforts.

2. Capacity Requirement

- Based on discussions that NB Power has held with dozens of renewable developers, in no instance has the developer, nor NB Power, entertained the possibility of excluding capacity rights associated with the project from the load in which the energy was intended (i.e. the New England market). The market in New Brunswick affords NB Power the ability to delist assets from the domestic market and assign to ISO-NE. In fact, this has been an on-going practice for all capacity sales that the Corporation has entered into.
- By mandating imported wind-based renewable facilities to abide by existing Market Rules in New Brunswick as well as New England, risks tied to variances in schedules would be severe. This is exactly why all wind projects today are solely delivering into the Real Time ISO-NE market. It is NB Power's opinion that these costs would be too significant to support necessary investment.
- ISO-NE has indicated to NB Power that it intends to claim 786 MW of Tie Line Benefits on the 1000 MW Maine-NB interface. This effectively leaves 214 MW of capacity for existing Market Participants in New Brunswick to utilize. Demand for this limited access to the New England capacity market will undoubtedly be extremely high. It is NB Power's opinion that renewable facilities will not be able to secure access to capacity contracts into New England. Based on NB Power's understanding of the capacity requirement, the risk of exclusion would stifle development.

NB Power is confident that with the adoption of feasible legislation and market rules for renewable generators, the Maritime region of Canada could supply considerable economic, carbon free power. Given the will of legislators on both sides of our border along with cooperative efforts from affected utilities, it is NB Power's conviction that the region has the potential to significantly increase the development of renewable generation.

Sincerely,



Darrell Bishop
Executive Vice-President
New Brunswick Power Corporation